MEMORANDUM FOR: Chief, Audit Staff

SUBJECT   :   Audit Report of WE Division, dated 3 May 1962

REFERENCES   :   (a)   Audit Report of WE Division, dated 3 May 1962, Covering Period 1 November 1960 - 28 February 1962

      (b)   Audit Report of Project _____ dated 8 September 1961, Covering Period 1 November 1957 - 31 May 1961   25X1A2D1

      (c)   Memo for DD/S from the Comptroller, dated 28 June 1961, Subject: Proposed Plan for Use and/or Release of Remaining _____ Funds   25X1A2D1

      (d)   Memo for DD/P from DD/S, Subject: Accounting Practices for Sensitive Projects - No. DD/S 61-3795

1. The recommendations contained in paragraph 4 of references (a) and (b) have been restudied by this office and as indicated by references (c) and (d), initial action has been taken to formalize a satisfactory solution to the problem of adequate accounting controls for sensitive projects and obligating annual appropriations, regardless of whether such funds are withdrawn from the contingency fund, which have been made available for special projects such as those covered by references (a) and (b).

2. In a further effort to provide special procedures covering the obligation of funds and supporting substantive documentation under such circumstances, this matter is being referred to the Financial Policy and Budget Committee established by _____ dated 16 April 1962. At such   25X1 time as appropriate authorities and procedures have been adopted by the Committee which are applicable to similar type projects requiring DCI approval you will be advised of the details in order that substantive audits can be made consistent with such determinations.

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Deputy Comptroller

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